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# Security Council

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## Letter dated 9 February 2006 from the Permanent Representative of Afghanistan to the United Nations addressed to the President of the Security Council

I have the honour to transmit the Afghanistan Compact, adopted at the conclusion of the international London Conference on Afghanistan held from 29 January to 1 February 2006 (see annex). I should be grateful if you could arrange for the present letter and its annex to be circulated as a document of the Security Council.

(*Signed*) Dr. Ravan **Farhadi**
Ambassador
Permanent Representative

06-23884 (E) 140206

**Annex to the letter dated 9 February 2006 from the Permanent Representative of Afghanistan to the United Nations addressed to the President of the Security Council**

## BUILDING ON SUCCESS
## THE LONDON CONFERENCE ON AFGHANISTAN

# THE AFGHANISTAN COMPACT

**LONDON 31 JANUARY – 1 FEBRUARY 2006**

# THE LONDON CONFERENCE ON AFGHANISTAN

31 January – 1 February 2006

# THE AFGHANISTAN COMPACT

The Islamic Republic of Afghanistan and the international community:

*Determined to strengthen their partnership to improve the lives of Afghan people, and national, regional, and global peace and security;*

*Affirming their shared commitment to continue, in the spirit of the Bonn, Tokyo and Be to work toward a stable and prosperous Afghanistan, with good governance an protection for all under the rule of law, and to maintain and strengthen that commitme of this Compact and beyond;*

*Recognising the courage and determination of Afghans who, by defying violent hardship, have laid the foundations for a democratic, peaceful, pluralistic and prospe on the principles of Islam;*

*Noting the full implementation of the Bonn Agreement through the adoption of a new January 2004, and the holding of presidential elections in October 2004 and Nation Provincial Council elections in September 2005, which have enabled Afghanistan to r place in the international community;*

*Mindful that Afghanistan's transition to peace and stability is not yet assured, international engagement will continue to be required to address remaining challenges*

*Resolved to overcome the legacy of conflict in Afghanistan by setting conditions economic growth and development; strengthening state institutions and civil so remaining terrorist threats; meeting the challenge of counter-narcotics; rebuildin infrastructure; reducing poverty; and meeting basic human needs;*

Have agreed to this Afghanistan Compact.

## Purpose

The Afghan Government has articulated its overarching goals for the well-being of its people in the Afghanistan Millennium Development Goals Country Report 2005 – Vision 2020. Consistent with those goals, this Compact identifies three critical and interdependent areas or pillars of activity for the five years from the adoption of this Compact:

1. Security;
2. Governance, Rule of Law and Human Rights; and
3. Economic and Social Development.

A further vital and cross-cutting area of work is eliminating the narcotics industry, which remains a formidable threat to the people and state of Afghanistan, the region and beyond.

The Afghan Government hereby commits itself to realising this shared vision of the future; the international community, in turn, commits itself to provide resources and support to realise that vision. Annex I of this Compact sets out detailed outcomes, benchmarks and timelines for delivery, consistent with the high-level goals set by the Afghanistan National Development Strategy (ANDS). The Government and international community also commit themselves to improve the effectiveness and accountability of international assistance as set forth in Annex II.

## Principles of Cooperation

As the Afghan Government and the international community embark on the implementation of this Compact, they will:

1. Respect the pluralistic culture, values and history of Afghanistan, based on Islam;
2. Work on the basis of partnership between the Afghan Government, with its sovereign responsibilities, and the international community, with a central and impartial coordinating role for the United Nations;
3. Engage further the deep-seated traditions of participation and aspiration to ownership of the Afghan people;
4. Pursue fiscal, institutional and environmental sustainability;
5. Build lasting Afghan capacity and effective state and civil society institutions, with particular emphasis on building up human capacities of men and women alike;
6. Ensure balanced and fair allocation of domestic and international resources in order to offer all parts of the country tangible prospects of well-being;
7. Recognise in all policies and programmes that men and women have equal rights and responsibilities;
8. Promote regional cooperation; and
9. Combat corruption and ensure public transparency and accountability.

## Security

Genuine security remains a fundamental prerequisite for achieving stability Afghanistan. Security cannot be provided by military means alone. It requires good gover rule of law, reinforced by reconstruction and development. With the support of the inte the Afghan Government will consolidate peace by disbanding all illegal armed Government and the international community will create a secure environment by institutions to meet the security needs of the country in a fiscally sustainable manner.

To that end, the NATO-led International Security Assistance Force (ISAF), Enduring Freedom (OEF) and partner nations involved in security sector reform will cont support to the Afghan Government in establishing and sustaining security and stability i to participating states' national approval procedures. They will continue to strengthen an of the national security forces to ensure that they become fully functional. All O operations will be conducted in close coordination with the Afghan Government and ISA to expand its presence throughout Afghanistan, including through Provincial Reconstructi will continue to promote stability and support security sector reforms in its areas of operat

Full respect for Afghanistan's sovereignty and strengthening dialogue and Afghanistan and its neighbours constitute an essential guarantee of stability in Afghanista international community will support concrete confidence-building measures to this end.

## Governance, Rule of Law and Human Rights

Democratic governance and the protection of human rights constitute the corn political progress in Afghanistan. The Afghan Government will rapidly expand its cap services to the population throughout the country. It will recruit competent and credible service on the basis of merit, establish a more effective, accountable and transparent adm of Government; and implement measurable improvements in fighting corruption, upholdi of law and promoting respect for the human rights of all Afghans.

The Afghan Government will give priority to the coordinated establishment functional institutions – including civil administration, police, prisons and judiciary. have appropriate legal frameworks and appointment procedures; trained staff; and a infrastructure and auditing capacity. The Government will establish a fiscally and inst administration for future elections under the supervision of the Afghanistan I Commission.

Reforming the justice system will be a priority for the Afghan Government community. The aim will be to ensure equal, fair and transparent access to justice for codes with fair trials and enforceable verdicts. Measures will include: completing legi public as well as the private sector; building the capacity of judicial institutions and human rights and legal awareness; and rehabilitating judicial infrastructure.

The Afghan Government and the international community reaffirm their commit and promotion of rights provided for in the Afghan constitution and under applica including the international human rights covenants and other instruments to which Afgha

view to rebuilding trust among those whose lives were shattered by war, reinforcing a shared sense of citizenship and a culture of tolerance, pluralism and observance of the rule of law, the Afghan Government with the support of the international community will implement the Action Plan on Peace, Justice and Reconciliation.

## Economic and Social Development

The Afghan Government with the support of the international community will pursue high rates of sustainable economic growth with the aim of reducing hunger, poverty and unemployment. It will promote the role and potential of the private sector, alongside those of the public and non-profit sectors; curb the narcotics industry; ensure macroeconomic stability; restore and promote the development of the country's human, social and physical capital, thereby establishing a sound basis for a new generation of leaders and professionals; strengthen civil society; and complete the reintegration of returnees, internally displaced persons and ex-combatants.

Public investments will be structured around the six sectors of the pillar on economic and social development of the Afghanistan National Development Strategy:

1. Infrastructure and natural resources;
2. Education;
3. Health;
4. Agriculture and rural development;
5. Social protection; and
6. Economic governance and private sector development.

In each of these areas, the objective will be to achieve measurable results towards the goal of equitable economic growth that reduces poverty, expands employment and enterprise creation, enhances opportunities in the region and improves the well-being of all Afghans.

## Counter-Narcotics – A Cross-Cutting Priority

Meeting the threat that the narcotics industry poses to national, regional and international security as well as the development and governance of the country and the well-being of Afghans will be a priority for the Government and the international community. The aim will be to achieve a sustained and significant reduction in the production and trafficking of narcotics with a view to complete elimination. Essential elements include improved interdiction, law enforcement and judicial capacity building; enhanced cooperation among Afghanistan, neighbouring countries and the international community on disrupting the drugs trade; wider provision of economic alternatives for farmers and labourers in the context of comprehensive rural development; and building national and provincial counter-narcotics institutions. It will also be crucial to enforce a zero-tolerance policy towards official corruption; to pursue eradication as appropriate; to reinforce the message that producing or trading opiates is both immoral and a violation of Islamic law; and to reduce the demand for the illicit use of opiates.

## Coordination and Monitoring

The Afghan Government and the international community are establishing a Jo
Monitoring Board for the implementation of the political commitments that comprise this
in Annex III, this Board will be co-chaired by the Afghan Government and the United
supported by a small secretariat. It will ensure greater coherence of efforts by the Afg
international community to implement the Compact and provide regular and timely
execution.

# ANNEX I

# BENCHMARKS AND TIMELINES

*The Afghan Government, with the support of the international community, is committed to achieving the following benchmarks in accordance with the timelines specified.*

## SECURITY

**International Security Forces**

Through end-2010, with the support of and in close coordination with the Afghan Government, the NATO-led International Security Assistance Force (ISAF), Operation Enduring Freedom (OEF) and their respective Provincial Reconstruction Teams (PRTs) will promote security and stability in all regions of Afghanistan, including by strengthening Afghan capabilities.

**Afghan National Army**

By end-2010: A nationally respected, professional, ethnically balanced Afghan National Army will be fully established that is democratically accountable, organized, trained and equipped to meet the security needs of the country and increasingly funded from Government revenue, commensurate with the nation's economic capacity; the international community will continue to support Afghanistan in expanding the ANA towards the ceiling of 70,000 personnel articulated in the Bonn talks; and the pace of expansion is to be adjusted on the basis of periodic joint quality assessments by the Afghan Government and the international community against agreed criteria which take into account prevailing conditions.

**Afghan National and Border Police**

By end-2010, a fully constituted, professional, functional and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of up to 62,000 will be able to meet the security needs of the country effectively and will be increasingly fiscally sustainable.

**Disbandment of Illegal Armed Groups**

All illegal armed groups will be disbanded by end-2007 in all provinces.

**Counter-Narcotics**

By end-2010, the Government will strengthen its law enforcement capacity at both central and provincial levels, resulting in a substantial annual increase in the amount of drugs seized or destroyed and processing facilities dismantled, and in effective measures, including targeted eradication as appropriate, that contribute to the elimination of poppy cultivation.

By end-2010, the Government and neighbouring and regional governments will work together to increase coordination and mutual sharing of intelligence, with the goal of an increase in the seizure and destruction of drugs being smuggled across Afghanistan's borders and effective action against drug traffickers.

**Mine Action and Ammunition**

By end-2010, in line with Afghanistan's Millennium Development Goals (MDGs) and Afghanistan's Ottawa Convention obligations, the land area contaminated by mines and unexploded ordnance will be reduced by 70%; all stockpiled anti-personnel mines will be located and destroyed by end-2007; and by end-2010, all unsafe, unserviceable and surplus ammunition will be destroyed.

## Governance, Rule Of Law And Human Rights

**Public Administrative Reform**

By end-2010: Government machinery (including the number of ministries) will be restructured and rationalised to ensure a fiscally sustainable public administration; the civil service commission will be strengthened; and civil service functions will be reformed to reflect core functions and responsibilities.

A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months and fully implemented within 24 months for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.

By end-2006 a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.

By end-2010, in furtherance of the work of the civil service commission, merit-based appointments, vetting procedures and performance-based reviews will be undertaken for civil service positions at all levels of government, including central government, the judiciary and police, and requisite support will be provided to build the capacity of the civil service to function effectively. Annual performance-based reviews will be undertaken for all senior staff (grade 2 and above) starting by end-2007.

**Anti-Corruption**

The UN Convention against Corruption will be ratified by end-2006, national legislation adapted accordingly by end-2007 and a monitoring mechanism to oversee implementation will be in place by end-2008.

**The Census and Statistics**

The census enumeration will be completed by end-2008 and the complete results published.

Reliable statistical baselines will be established for all quantitative benchmarks by mid-2007 and statistical capacity built to track progress against them.

**National Assembly**

The National Assembly will be provided with technical and administrative support by mid-2006 to fulfil effectively its constitutionally mandated roles.

**Elections**

The Afghanistan Independent Electoral Commission will have the high integrity, capacity and resources to undertake elections in an increasingly fiscally sustainable manner by end-2008, with the Government of Afghanistan contributing to the extent possible to the cost of future elections from its own resources. A permanent civil and voter registry with a single national identity document will be established by end-2009.

**Gender**

By end-2010: the National Action Plan for Women in Afghanistan will be fully implemented; and, in line with Afghanistan's MDGs, female participation in all Afghan governance institutions, including elected and appointed bodies and the civil service, will be strengthened.

**Rule of Law**

By end-2010, the legal framework required under the constitution, including civil, criminal and commercial law, will be put in place, distributed to all judicial and legislative institutions and made available to the public.

By end-2010, functioning institutions of justice will be fully operational in each province of Afghanistan, and the average time to resolve contract disputes will be reduced as much as possible.

A review and reform of oversight procedures relating to corruption, lack of due process and miscarriage of justice will be initiated by end-2006 and fully implemented by end-2010; by end-2010, reforms will strengthen the professionalism, credibility and integrity of key institutions of the justice system (the Ministry of Justice, the Judiciary, the Attorney-General's office, the Ministry of Interior and the National Directorate of Security).

By end-2010, justice infrastructure will be rehabilitated; and prisons will have separate facilities for women and juveniles.

**Land Registration**

A process for registration of land in all administrative units and the registration of titles will be started for all major urban areas by end-2006 and all other areas by end-2008. A fair system for settlement of land disputes will be in place by end-2007. Registration for rural land will be under way by end-2007.

**Counter-Narcotics**

By end-2010, the Government will increase the number of arrests and prosecutions of traffickers and corrupt officials and will improve its information base concerning those involved in the drugs trade, with a view to enhancing the selection system for national and sub-national public appointments, as part of the appointments mechanism mentioned earlier in this annex.

**Human Rights**

By end-2010: The Government's capacity to comply with and report on its human rights treaty obligations will be strengthened; Government security and law enforcement agencies will adopt corrective measures including codes of conduct and procedures aimed at preventing arbitrary arrest and detention, torture, extortion and illegal expropriation of property with a view to the elimination of these practices; the exercise of freedom of expression, including freedom of media, will be strengthened; human rights awareness will be included in education curricula and promoted among legislators, judicial personnel and other Government agencies, communities and the public; human rights monitoring will be carried out by the Government and independently by the Afghan Independent Human Rights Commission (AIHRC), and the UN will track the effectiveness of measures aimed at the protection of human rights; the AIHRC will be supported in the fulfilment of its objectives with regard to monitoring, investigation, protection and promotion of human rights.

The implementation of the Action Plan on Peace, Justice and Reconciliation will be completed by end-2008.

# Economic and Social Development

## Infrastructure and Natural Resources

### Roads

Afghanistan will have a fully upgraded and maintained ring road, as well as roads connecting the ring road to neighbouring countries by end-2008 and a fiscally sustainable system for road maintenance by end-2007.

### Air Transport

By end-2010: Kabul International Airport and Herat Airport will achieve full International Civil Aviation Organisation compliance; Mazar-i-Sharif, Jalalabad and Kandahar will be upgraded with runway repairs, air navigation, fire and rescue and communications equipment; seven other domestic airports will be upgraded to facilitate domestic air transportation; and air transport services and costs will be increasingly competitive with international market standards and rates.

### Energy

By end-2010: electricity will reach at least 65% of households and 90% of non-residential establishments in major urban areas and at least 25% of households in rural areas; at least 75% of the costs will be recovered from users connected to the national power grid. A strategy for the development and the use of renewable energies will be developed by end-2007.

### Mining and Natural Resources

An enabling regulatory environment for profitable extraction of Afghanistan's mineral and natural resources will be created by end-2006, and by end-2010 the investment environment and infrastructure will be enhanced in order to attract domestic and foreign direct investment in this area.

### Water Resource Management

Sustainable water resource management strategies and plans covering irrigation and drinking water supply will be developed by end-2006, and irrigation investments will result in at least 30% of water coming from large waterworks by end-2010.

### Urban Development

By end-2010: Municipal governments will have strengthened capacity to manage urban development and to ensure that municipal services are delivered effectively, efficiently and transparently; in line with Afghanistan's MDGs, investment in water supply and sanitation will ensure that 50% of households in Kabul and 30% of households in other major urban areas will have access to piped water.

### Environment

In line with Afghanistan's MDGs, environmental regulatory frameworks and management services will be established for the protection of air and water quality, waste management and pollution control, and natural resource policies will be developed and implementation started at all levels of government as well as the community level, by end-2007.

## Education

### Primary and Secondary Education

By end-2010: in line with Afghanistan's MDGs, net enrolment in primary school for girls and boys will be at least 60% and 75% respectively; a new curriculum will be operational in all secondary schools; female teachers will be increased by 50%; 70% of Afghanistan's teachers will have passed a competency test; and a system for assessing learning achievement such as a national testing system for students will be in place.

### Higher Education

By end 2010: enrolment of students to universities will be 100,000 with at least 35% female students; and the curriculum in Afghanistan's public universities will be revised to meet the development needs of the country and private sector growth.

### Skills Development

A human resource study will be completed by end-2006, and 150,000 men and women will be trained in marketable skills through public and private means by end-2010.

### Afghan Cultural Heritage

A comprehensive inventory of Afghan cultural treasures will be compiled by end-2007. Measures will be taken to revive the Afghan cultural heritage, to stop the illegal removal of cultural material and to restore damaged monuments and artefacts by end-2010.

## Health

### Health and Nutrition

By end-2010, in line with Afghanistan's MDGs, the Basic Package of Health Services will be extended to cover at least 90% of the population; maternal mortality will be reduced by 15%; and full immunisation coverage for infants under-5 for vaccine-preventable diseases will be achieved and their mortality rates reduced by 20%.

## Agriculture and Rural Development

### Agriculture and Livestock

By end-2010: The necessary institutional, regulatory and incentive framework to increase production and productivity will be established to create an enabling environment for legal agriculture and agriculture-based rural industries, and public investment in agriculture will increase by 30 percent; particular consideration will be given to perennial horticulture, animal health and food security by instituting specialised support agencies and financial service delivery mechanisms, supporting farmers' associations, branding national products, disseminating timely price and weather-related information and statistics, providing strategic research and technical assistance and securing access to irrigation and water management systems.

### Comprehensive Rural Development

By end-2010: Rural development will be enhanced comprehensively for the benefit of 19 million people in over 38,000 villages; this will be achieved through the election of at least a further 14,000 voluntary community development councils in all remaining villages, promoting local governance and community empowerment; access to safe drinking water will be extended to 90% of villages and sanitation to 50%; road connectivity will reach 40% of all villages, increasing access to markets, employment and social services; 47% of villages will benefit from small-scale irrigation; 800,000 households (22% of all Afghanistan's households)

will benefit from improved access to financial services; and livelihoods of at least 15% of the rural population will be supported through the provision of 91 million labour days.

**Counter-Narcotics**
By end-2010, the Government will design and implement programmes to achieve a sustained annual reduction in the amount of land under poppy and other drug cultivation by the strengthening and diversification of licit livelihoods and other counter-narcotics measures, as part of the overall goal of a decrease in the absolute and relative size of the drug economy in line with the Government's MDG target.

## Social Protection

**Poverty Reduction**
By end-2010, in line with Afghanistan's MDGs, the proportion of people living on less than US$1 a day will decrease by 3% per year and the proportion of people who suffer from hunger will decrease by 5% per year.

**Humanitarian and Disaster Response**
By end-2010, an effective system of disaster preparedness and response will be in place.

**Disabled**
By end-2010, increased assistance will be provided to meet the special needs of all disabled people, including their integration in society through opportunities for education and gainful employment.

**Employment of Youth and Demobilised Soldiers**
By end-2010, employment opportunities for youth and demobilised soldiers will be increased through special programmes.

**Refugees and IDPs**
By end-2010, all refugees opting to return and internally displaced persons will be provided assistance for rehabilitation and integration in their local communities; their integration will be supported by national development programmes, particularly in key areas of return.

**Vulnerable Women**
By end-2010, the number of female-headed households that are chronically poor will be reduced by 20%, and their employment rates will be increased by 20%.

**Counter-Narcotics**
By end-2010, the Government will implement programmes to reduce the demand for narcotics and provide improved treatment for drug users.

## Economic Governance and Private Sector Development

**Financial Management**
By end-2007, the Government will ensure improved transparent financial management at the central and provincial levels through establishing and meeting benchmarks for financial management agreed with and monitored by the international community, including those in the anticipated Poverty Reduction Growth Facility (PRGF). In turn, and in line with improved government accountability, donors will make more effort to increase the share of total external assistance to Afghanistan that goes to the core budget.

**Domestic Revenues**

Afghanistan's total domestic budgetary revenue – equivalent to 4.5% of estimated legal GDP in 1383 (2004/05) – will steadily increase and reach 8% of GDP by 1389 (2010/11). The ratio of revenue to estimated total recurrent expenditures, including estimated recurrent expenditures in the core and external development budgets, is projected to rise from 28% in 1383 (2004/05) to an estimated 58% in 1389, resulting in a continuing need, in accord with the principles in Annex II, for (1) external assistance to the core budget and (2) increasing cost-effectiveness of assistance that funds recurrent expenditure though the external development budget.

**Private Sector Development and Trade**

All legislation, regulations and procedures related to investment will be simplified and harmonised by end-2006 and implemented by end-2007. New business organisation laws will be tabled in the National Assembly by end-2006. The Government's strategy for divestment of state-owned enterprises will be implemented by end-2009.

**Financial Services and Markets**

Internationally accepted prudential regulations will be developed for all core sectors of banking and non-bank financial institutions by end-2007. The banking supervision function of Da Afghanistan Bank will be further strengthened by end-2007. Re-structuring of state-owned commercial banks will be complete by end-2007. State-owned banks that have not been re-licensed will be liquidated by end-2006.

**Regional Cooperation**

By end-2010: Afghanistan and its neighbours will achieve lower transit times through Afghanistan by means of cooperative border management and other multilateral or bilateral trade and transit agreements; Afghanistan will increase the amount of electricity available through bilateral power purchase; and Afghanistan, its neighbours and countries in the region will reach agreements to enable Afghanistan to import skilled labour, and to enable Afghans to seek work in the region and send remittances home.

## ANNEX II

# IMPROVING THE EFFECTIVENESS OF AID TO AFGHANISTAN

The international community has made a significant investment in the future of a democratic stat Afghanistan since December 2001. This Compact is an affirmation of that commitment. The Afg Government and the international community are further committed to improving the effectiveness of the being provided to Afghanistan in accordance with the Paris Declaration on Aid Effectiveness (20 recognising the special needs of Afghanistan and their implications for donor support.

Consistent with the Paris Declaration and the principles of cooperation of this Compact, Government and the international community providing assistance to Afghanistan agree that the principles improving the effectiveness of aid to Afghanistan under this Compact are:

1. Leadership of the Afghan Government in setting its development priorities and strategies and, wi them, the support needs of the country and the coordination of donor assistance;

2. Transparency and accountability on the part of both the Government and the donors of the internati assistance being provided to Afghanistan.

Under these principles and towards the goal of improving the effectiveness of aid to Afghanistan, Government will:

- Provide a prioritised and detailed Afghanistan National Development Strategy (ANDS) with indicators monitoring results, including those for Afghanistan's Millennium Development Goals (MDGs);
- Improve its abilities to generate domestic revenues through, *inter alia*, customs duties and taxes; an achieve cost recovery from public utilities and transportation;
- Agree with donors, international financial institutions and United Nations agencies on the benchmarks aid channelled through the Government's core budget and for the utilisation of such aid; and mon performance against those benchmarks; and
- Provide regular reporting on the use of donor assistance and performance against the benchmarks of compact to the National Assembly, the donor community through the Afghanistan Development Fo and the public at large.

The donors will:

- Provide assistance within the framework of the Afghanistan National Development Strategy; programm and projects will be coordinated with Government in order to focus on priorities, eliminate duplication rationalise donor activities to maximise cost-effectiveness;
- Increasingly provide more predictable and multiyear funding commitments or indications of multi support to Afghanistan to enable the Government to plan better the implementation of its Nati Development Strategy and provide untied aid whenever possible;

- Increase the proportion of donor assistance channelled directly through the core budget, as agreed bilaterally between the Government and each donor, as well as through other more predictable core budget funding modalities in which the Afghan Government participates, such as the Afghanistan Reconstruction Trust Fund (ARTF), the Law and Order Trust Fund for Afghanistan (LOTFA) and the Counter-Narcotics Trust Fund (CNTF);
- Provide assistance for the development of public expenditure management systems that are essential for improving transparency and accountability in the utilisation of donor resources and countering corruption;
- Recognise that, because of the need to build Afghan capacity, donor assistance provided through the external budget will be designed in such a manner as to build this capacity in the Government as well as the private sector and non-profit sector;
- Ensure that development policies, including salary policies, strengthen national institutions that are sustainable in the medium to long term for delivery of programmes by the Government;
- For aid not channelled through the core budget, endeavour to:
    - Harmonise the delivery of technical assistance in line with Government needs to focus on priority areas and reduce duplication and transaction costs;
    - Reduce the external management and overhead costs of projects by promoting the Afghan private sector in their management and delivery;
    - Increasingly use Afghan national implementation partners and equally qualified local and expatriate Afghans;
    - Increase procurement within Afghanistan of supplies for civilian and military activities; and
    - Use Afghan materials in the implementation of projects, in particular for infrastructure;
- Within the principles of international competitive bidding, promote the participation in the bidding process of the Afghan private sector and South-South cooperation in order to overcome capacity constraints and to lower costs of delivery;
- Provide timely, transparent and comprehensive information on foreign aid flows, including levels of pledges, commitments and disbursements in a format that will enable the Afghan Government to plan its own activities and present comprehensive budget reports to the National Assembly; this covers the nature and amount of assistance being provided to Afghanistan through the core and external budgets; and
- For external budget assistance, also report to the Government on: the utilisation of funds; its efficiency, quality and effectiveness; and the results achieved.

These mutual commitments are intended to ensure that the donor assistance being provided to Afghanistan is used efficiently and effectively, that there is increased transparency and accountability, and that both Afghans and the taxpayers in donor countries are receiving value for money.

## ANNEX III

# COORDINATION AND MONITORING

The Afghan Government and the international community recognise that the success of the Afghanistan Compact requires strong political, security and financial commitment to achieve the benchmarks within the agreed timelines. Equally, the success of the Compact relies on an effective coordination and monitoring mechanism.

To this end, and in addition to existing sectoral coordination mechanisms, the Afghan Government and the international community are establishing a Joint Coordination and Monitoring Board with the participation of senior Afghan Government officials appointed by the President and representatives of the international community. The Board will be co-chaired by a senior Afghan Government official appointed by the President and by the Special Representative of the UN Secretary-General for Afghanistan. Its purpose would be to ensure overall strategic coordination of the implementation of the Compact.

The Board will have a small secretariat staffed by the Afghan Government and the United Nations. It will be supported by technical experts, as needed. The Board will hold periodic meetings and special sessions as required to review the implementation of this Compact and suggest corrective action, as appropriate.

Afghan state institutions and sectoral coordination mechanisms involved in the implementation of the Afghanistan National Development Strategy (ANDS) will provide inputs to the Board with regard to the implementation of the Compact. In addition, in carrying out its assessments, the Board will consider inputs from the international community, including United Nations agencies, international financial institutions, donors, international security forces and relevant non-governmental organisations and civil society representatives.

Periodic progress reports on the implementation of the Compact prepared by the Joint Coordination and Monitoring Board will be made public.

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# ANNEX IV

## Participants at the London Conference on Afghanistan

### Participating Countries

Afghanistan (co-Chair)
Australia
Austria
Bahrain
Belgium
Brazil
Brunei
Bulgaria
Canada
China
Czech Republic
Denmark
Egypt
Finland
France
Germany
Greece
Hungary
Iceland
India
Iran
Italy
Japan
Jordan
Kazakhstan
Korea (Republic of)
Kuwait
Kyrgyzstan
Lithuania
Luxembourg
Malaysia
Netherlands
New Zealand
Norway
Pakistan
Poland
Portugal
Qatar
Romania
Russia
Saudi Arabia
Spain
Sweden
Switzerland
Tajikistan
Turkey
Turkmenistan
United Arab Emirates
United Kingdom (co-Chair)
United States of America
Uzbekistan

### Participating Organisations

Aga Khan Foundation
Asian Development Bank
European Commission
European Union
Islamic Development Bank
International Monetary Fund
North Atlantic Treaty Organisation
Organisation of Islamic Conference
United Nations (co-Chair)
World Bank

### Observers

Argentina
Chile
Croatia
Cyprus
Estonia
Ireland
Latvia
Macedonia (FYR)
Malta
Oman
Organisation for Security and Cooperation in Europe
Singapore
Slovakia
Slovenia